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THE VALUE OF PRICE STATEMENTS IN ADVERTISING

BY

MERTEN JOSEPH MANDEVILLE


B. S., University of Illinois, 1921

THESIS

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF MASTER OF SCIENCE IN BUSINESS
ORGANIZATION AND OPERATION IN THE GRADUATE
SCHOOL OF THE UNIVERSITY OF ILLINOIS,

1922

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UNIVERSITY OF ILLINOIS

THE GRADUATE SCHOOL

August 19 1922

I HEREBY RECOMMEND THAT THE THESIS PREPARED UNDER MY
SUPERVISION BY Merten Joseph Mandeville
ENTITLED The Value of Price Statements
in Advertising.

BE ACCEPTED AS FULFILLING THIS PART OF THE REQUIREMENTS FOR
THE DEGREE OF Master of Science in Business
Organization and Operation.

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In Charge of Thesis

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Recommendation concurred in*

Committee

on

Final Examination*

*Required for doctor's degree but not for master's

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INTRODUCTION.

Although the statement of prices is a component part of that field of advertising which deals with the selling of articles and which comprises the great majority of all published advertising, it is a phase which is given scant consideration in the text books and studies of the subject. A great deal of space is given to the appeals which should be used to arouse the buying instincts, to the value of various colors as an attraction to the eye, to the use of different styles of type to express character or individuality; but the advisability of stating the price of the article advertised is generally dismissed with the statement that prices are very important for cheap articles but that quality can usually be expressed better without recourse to them. This seems to be the consensus of opinion of the writers on the subject although none of them substantiates his views with any facts or proofs. Most of the works devote but a few sentences to the subject and then allude to it only in a general way. There are a few which give a page or two to the discussion, but it cannot be said that there is a single work of general reference which contains a real treatment of the value of price statements.

The articles in magazines devoted to advertising yield a little more material, for it is a question in which the advertisers of the country are interested. "Printers' Ink" at one time sent out requests for opinions upon the use of prices. Articles have appeared from time to time in various publications, but the aggregate is not considerable. The advertisers themselves realize the importance of the subject and are glad to help in its solution; however, none of them has made an analysis of the problem in its entirety. In fact those merchants who have the greatest cause for using prices, i.e., the retailers, seem to follow custom or prejudice in their stores without considering the merits of quoting or omitting prices.

The purpose of this thesis is to inquire into the various fields of advertising where price statements might be appropriate and to make a study of when and how such statements should be made.

No one will deny that there are some fields of advertising in which price has no place - there are some who deny it a place in any advertising.¹ Institutional advertising and advertising intended to establish brand or firm name have no use for prices. Publicity advertising can very well get along without their use, although prices have been used to advantage in some display signs. The purpose of such advertising is not to sell goods directly, however, but to establish the name of the firm or product in the mind of the buyer. By this means goods are sold indirectly. Therefore, such forms of advertising have no place in this thesis, only those forms which deal directly with the sale of products being considered in this study. It is not the intention to show that prices should or should not be stated in all cases, but to show under what conditions such statements are applicable and in what form they are best quoted.

Naturally advertising may be classified along several different lines. It may be classified as either local or national, or even international; it may also be classified according to the media used, whether newspapers, posters, display cards, sign boards, magazines, window displays, etc. It would be a waste of time to go through each one of these separately and give it a distinct treatment. On the other hand, there are several types of advertising which need special emphasis because of their extensive use for the propagation of price statements. International advertising may be discarded because of its relative unimportance and the different national characteristics. Local and national advertising follow the same general rules in many respects and there need be no special distinction made; on the other hand, for some purposes there is a decided

1 Notably the Sherwin-Williams Paint and Varnish Company.

difference and it will be the aim of this thesis to set out these differences wherever they exist. When a general statement is made in the discussion of the use of prices it may be taken as applying to both local and national copy unless otherwise stated.

As was said before, the various forms of institutional and publicity advertising are not to be discussed here. This simplifies the number of media to be treated. The problem will naturally settle around newspaper and magazine advertising as these two fields comprise the majority of advertising to the consumer. Catalogues are also important, of course; especially in regard to the use of odd prices, where the catalogues of the mail order houses offer one of the best illustrations of the consistent use of such quotations. The use of price cards in window displays and price tags on articles within the store afford special problems of their own and will be given separate attention in the text.

The study may best be carried on by dividing it into several different phases. For this purpose four principal divisions have been chosen. These are:

I. The Advisability of Stating Prices. Under this heading the general problem will be discussed. Such questions will arise as: Are prices best adapted to cheap articles or may quality goods also profit by their use? Should the retailer rely upon his salesmen to acquaint the customer with the price or make a consistent display of prices in the papers and in his store? Is it best to quote prices in a rising or falling market? Should prices be made a feature of the advertisement or merely an auxiliary? Are prices well adapted to national advertising? These and other questions of a similar nature will be taken up and solutions attempted.

II. Comparative Prices. In this division the use of comparative prices will be criticised pro and con and a summary of the argument against their use given. The quoting of comparative prices has received a great deal of

attention from retailers recently and is one of the important phases of the price problem.

III. Odd Prices. The employment of odd prices is rather closely related to that of comparative prices, but still there is sufficient difference to warrant separate treatment. Mail order catalogues are the principal exponents of this form of price statements and the question will be taken up mainly from that angle, although their use in local and national advertising will demand some comment also.

IV. Statistical Data. This division does not fully take up the question of the value of price statements from an academic viewpoint, but endeavors to show the trend of advertising in regard to the display of prices. In determining this trend recourse has been had to the advertising in the Saturday Evening Post from 1910 to the present date, 1922. Percentages and tables are given to show what effect the business cycle has had upon the quotation of prices.

I THE ADVISABILITY OF STATING PRICES.

A perusal of both national and local advertising will demonstrate to the observer that more than half of the firms have no definite, fixed policy in stating prices. They quote prices at times and at others omit them; often in the same advertisement some articles will bear a price while others of a like nature will not. To be effective in the greatest degree all the advertising of a firm should follow some predetermined plan, and the use of prices is one of the important factors which must be included in this plan. It is not necessary that every advertisement should or should not carry prices, but given certain conditions there is a one best way to handle the problem.

There is absolutely no reason for a half-hearted compromise in the situation, those firms that try to make a play on both sides are only wasting their own money and good space which might be put to some real use. Advertisements that include such statements as, "reasonably priced," "prices extraordinarily low," "you will find our prices right," "new low prices," "recent reductions," and many others of similar tone, are trying to cover two vastly different fields of advertising and failing miserably in the attempt. Such statements tell absolutely nothing, but very often give an impression exactly opposite to the one they wish to convey. They have the effect of saying, "We hope we won't cheat you, but we are afraid to tell you how much we are going to charge you." The advertiser evidently imagines that he has written a very high class advertisement which appeals to the bargain seeker as well as the spendthrift. As a matter of fact no one is deluded by the subterfuge, a price appeal has been attempted but not carried out, and at that point the advertisement falls flat. There appears to be a lack of faith. One of the worst of these phrases is "our prices will surprise you;" sometimes they do if anyone takes the trouble to find out what they are. Which way the surprise will be is not stated.

A short time ago the manufacturer of a high class automobile announced in large headline, "Our prices have been reduced \$600 to \$800." That was all that was said about the cost of the car; the reader was left to wonder whether the reduction had been made from \$3,000 or \$8,000. Advertising is intended to tell news, but half the news is no better than none at all; it very often causes annoyance. It is the same as if a newspaper printed the announcement, "A prominent senator arrived in the city today and will speak upon a subject of great importance this evening." If the manufacturer thinks that it will help the sale of his car by announcing that the price is lower than it formerly was - and he evidently believes it will or he would not make the reduction - why keep the present price a dark secret; it cannot help his cause one whit. Either it is best to quote the price or it is not, a midway measure satisfies no one.

There is a general impression, more current a few years ago than at the present time, that the statement of prices detracts from the atmosphere of quality which an advertiser tries to build up. A great deal of the advertising of so-called quality goods contains no prices, due to the prevalence of this belief. Its fallacy can be proved easily, but still there are many who cling to it. Possibly this belief had its inception with the highest class firms, who adopted the custom of advertising the entire organization rather than the products; i.e. institutional advertising. This type of copy is needed to keep up the prestige of an establishment or to create a reputation, and consequently prices are not applicable in this connection. The idea of not quoting the price has persisted, however, and various estimates have been made that from fifty to eighty per cent of all advertisements do not quote the price.¹

1 The higher estimate is given by Mr. C. P. Russell in an article entitled, "Is it Time to Advertise Price as Well as Product?", *Printers' Ink*, November 18, 1920, p. 3. He arrived at his conclusion by counting the advertisements in a woman's magazine. The estimate is probably high for all classes of advertising including both national and local. Enumeration of advertisements in the "Saturday Evening Post" shows practically the same result in 1920, but the lack of price quotations was especially high in that year, due to economic conditions. This matter is discussed further in the fourth division of this treatise.

The mere fact that the price is or is not quoted does not determine the quality of the advertisement or influence the reader to come to that conclusion regarding the product. The impression of quality is obtained by the type, the border, the use of white space, the choice of words, and the general appearance and character of the advertisement. Price statements may be made in such a fashion that the physical appearance is not marred in the slightest.

That the stating of prices does not detract from the quality of the product can best be proved by citing a few examples of their use. It is scarcely worth while to note that the most aristocratic department stores in the country believe strongly in the advisability of quoting prices; a glance at any newspaper will convince the most skeptical of that fact. Naturally institutional copy is used to a large extent, but when goods are offered for sale the price is generally included. It is necessary to go to the specialty dealers to ascertain what influence price statements have upon the sales of a quality product, for it is they who have most persistently hidden their products behind a veil of exclusiveness and refused to take the public into their confidence where prices were concerned.

The Gruen Watch Company has been a consistent user of prices without detracting from the dignified tone of its advertising. Several of the other watch manufacturers have quoted prices at various times but none has gone to the extent of Gruen in combining prices with a purely quality appeal.

One of the most spectacular illustrations of the results obtained by price statements is afforded by the Rolls-Royce automobile advertising.¹ When the Rolls-Royce Company of England established an American branch at Springfield, Massachusetts, the company's advertising policy was not changed and the Rolls-Royce announcements carried no prices. No one can dispute the quality of product or the standing of the firm; the car has attained an international reputation and is

1 "Does a Quality Article Suffer Loss of Dignity When Priced?" by Roland Cole. *Printers' Ink*, May 26, 1931, p. 141.

considered by many to be the foremost automobile of the world. The company is a conservative English firm which has been manufacturing high-class motor cars for about twenty years, so it was quite an innovation when the advertising began to include prices. The copy has always been distinguished by a large amount of white space and very few words; it takes the appearance more of an announcement card than an advertisement. The name "Rolls-Royce" appears in moderate-sized, plain type and below this a few words concerning the character of the car. In very small type at the bottom is found some such statement as, "An open phaeton model completely equipped, \$14,950." It is reported that shortly after the price began to appear in this manner the sales were tripled. A great many cars were even sold by mail. Since its first experiment with the power of the stated price, the Rolls-Royce Company has continued the use of prices in every advertisement it has published in America.

In commenting upon this experience Mr. Roland Cole has this to say:¹

"The maker of a quality article, who keeps price out of sight, probably loses more sales to people who believe the price to be double what it actually is, than he makes to the few who obey the quality summons because they do not care what price they pay.

"Why do so many advertisers tumble into this trap? Apparently, it makes little difference whether the unit of sale is five cents, a dollar, a hundred, or \$14,950. Many institutions have labored for years to surround an article with a quality atmosphere when the single expedient of stating the price would have helped to do the trick in one-tenth of the time."

The idea that the magnitude of the price makes little difference in results seems to be borne out by facts, and this rule may also be applied to articles of any style or description. One should scarcely believe that advertising

¹ "Does a Quality Article Suffer Loss of Dignity When Priced?" by Roland Cole. Printers' Ink, May 26, 1921, p. 141.

the price of a rare painting or antique would materially affect the sales, but such is the case, according to Mr. C. B. Russell. He says,¹ "A certain dealer in antiques, rare books, prints, etc., had been advertising for some time without large results. He was anxious to establish his place as headquarters for collectors, but buyers seemed shy. Finally, he changed the tenor of his copy. Instead of advertising his business, he advertised specific articles with specific prices. His copy read something like this: 'First edition of Blank's works, hand-tooled covers, illustrated with rare engravings by So-and-So. Very scarce and precious; \$12,000.' He got an order the first day from one of the wealthiest men in New York, and inquiries from other rich collectors who previously had never seemed to be aware of his existence.

"A New York art firm had been doing business for several years with only moderate success. Paintings seemed to move slowly. They began to advertise simply by running a cut of a painting, naming the artist and quoting the price. They now get orders from distant States, whereas formerly they had considered New York City their only field."

The use of mail-orders in purchasing such expensive articles as automobiles and paintings shows the importance of stating the price. A prospective purchaser may have a strong desire to buy a certain article but his mind is not made up until he knows the price; and that is where the sale hangs. Price is the final consideration and the desire to purchase often lies dormant until that point is cleared up either by the advertiser himself or by some chance information which the prospect happens to get. That the quoting of a price brought such instantaneous results in the cases mentioned shows that the purchaser does not like to take the initiative in finding what the article is going to cost him. The final punch which puts the sale across is lacking when the price is omitted.

¹ Printers' Ink, December 23, 1920, p. 44.

In the advertising of quality goods, however, it is best not to emphasize the price, for this cheapens the appeal. Only one kind of appeal should be made at a time and the appeal of quality is one of the strongest which can be made. An investigation made by the Research Committee of the Dallas (Texas) Advertising League¹ showed that quality was regarded as the most important consideration in advertising. The women interviewed placed style as second and price third, while the men ranked price second. To the question, "Are you willing to pay a slightly higher price for an article in order to buy it from a firm which has^a reputation for backing its advertised word and which has a reputation for honesty, fairness, and liberality?" the replies were universally "Yes."

An experiment conducted in the psychology laboratory at the University of Minnesota² shows practically the same results; age and reliability of the firm and the quality of the product exert the greatest influence on the buyer. While the methods used might be criticized in that they smack more of the laboratory than conditions in actual practice, the conclusion that reliability and quality come foremost in the consideration of a large percentage of buyers cannot be doubted.

However, this does not invalidate the statement that price is the point upon which most sales hinge and that the knowledge of that price must come before the final decision is made. The fact that a price is included in advertisement does not mean that the appeal rests upon that ground alone. The copy may stress quality, reliability, style or any other feature and the effect will not be altered by including the price of a specific article; to many people a high price is an indication of quality. If the price is honest no one need be afraid of quoting it. A simple price statement is nothing but further information about

¹ Quoted in "Judicious Advertising," April, 1920, p. 61.

² Gale, "On the Psychology of Advertising." University of Minnesota publication, 1900.

the article, and if the type or position does not emphasize the statement, there is no indication of cheapness or price appeal.

Prices may be stated in a variety of ways; they may be put in the headline, in the body of the advertisement (the "talk"), at the bottom, or in a row down either side. The type may be large, small, or the same style as the copy, ornate or plain; but no matter where or how the price is shown, it indicates to the prospective customer that the firm is not afraid that its goods are worth less than it is going to ask him.

Naturally, if the goods are on sale at a bargain, or if the price has been recently reduced, or if they are considered especially cheap at that quotation, the price should be emphasized and stated in bold figures. For this purpose the headline is a good position. If a large number of articles is listed in the same advertisement, the price is generally placed after the description of each article. A neat arrangement which emphasizes the price is to place the prices in a row down the edge of the advertisement. This is somewhat on the order of a restaurant menu and allows easy comparisons. Sometimes this row of figures is placed at the left hand side instead of the right, but the position makes little difference except that the left hand side, being the one upon which the eye falls first, probably accents the prices slightly more than the right. The bottom of the copy is the least emphatic position, and this is where most high-class firms place their prices. If no special emphasis is to be placed upon the price - that is, when the price is simply given for general information - this is the best location.

Placing the price within the "talk" of the advertisement can be done only when the copy is "newsy" and brief; otherwise the price will be hidden and its effect lost. When this position is used, the advertising appears at the first glance to contain no prices and is sometimes passed over by those shoppers who

look through the advertisements to see how best they may spend their money. When price statements are to be made, it is just as well that they be put in plain view, for the clearer an advertisement reads the more influence it exerts upon its readers.

The type used for the figures creates a certain impression upon the reader also. Generally the type should be uniform in style throughout, but figures are plain facts and do not lend themselves readily to fancy type. There is nothing gained by placing the price in such ornamental type that the sixes and nines look like zeros. Plain type which cannot be misunderstood is the best to use. The size of the type used for the price statements may vary from that used in the rest of the copy. Large, heavy figures indicate that the price is being emphasized while small, light figures show that only information is being given without any fuss or flurry. Thus the heavy, black type is best adapted to the bargain offer or price inducement, while the small, unobtrusive type is the kind applicable to the quality appeal. An advertiser need never fear that a price statement set at the bottom will be overlooked; prices are the thing that the buyer is looking for and if he is given half a chance to find them he will hunt them out.

The quoting of prices in national advertising is consequently closely allied with the policy of the firm in maintaining the resale price of its products. It is not necessary here to go into the problem of the advantages and disadvantages accruing from a maintained retail price, but before prices can be quoted in national publications it is imperative that there be some concurrence between the manufacturer and his wholesale and retail distributors as to what the final price is to be to the consumer. No end of hard feelings are caused by having to pay twelve or fifteen cents for a can of beans which has been advertised in national publications at ten cents. Cutting the price below that advertised also proves detrimental to the product. The maintaining of the price is a hard thing to accomplish and no doubt this is the reason why prices are not more prevalent in

national advertising.

"Printers' Ink" comments upon this phase as follows:¹ "What are prices? The public wants to know. The manufacturer may have to close his plant if the public doesn't think his product is priced fairly. Yet this most important member of the manufacturer's sales force, fixes any price he pleases. The manufacturer loses many a sale, transforms many a potential consumer into an enemy if his distributor takes liberties with his product."

That the retailers really profit by the manufacturer's advertising the price is shown by a resolution passed in August, 1920, at the convention of the New York Retail Grocers' Association held at Poughkeepsie. The resolution read:²

"Whereas, During the last few years prices on all commodities have risen to such proportions that all former established retail prices had to be discontinued and new ones established; and, whereas the great majority of the nationally established advertised articles are kept constantly before the public through the newspapers, magazines and other mediums without the slightest notice or conveyance from the manufacturer to the public that the old resale price had been discontinued; therefore be it

"Resolved, That the delegates to the Annual State Convention of Retail Grocers assembled, do hereby ask and they demand that all such manufacturers immediately put a resale price with their advertising as of yore, to convince a much-bewildered public that it is not the retailer who is pocketing the money between the old established and the new selling price."

1 Comment upon "Your Prices to Me" by Roy Dickinson, Printers' Ink, April 28, 1921, p. 57. The article tells of a shopping tour of groceries where nationally advertised goods were priced differently in practically every store.

2 Quoted in Printers' Ink, September 16, 1920, p. 41.

One of the best ways to control the resale price is to put the price on the package or on the article itself. Several shoe manufacturers stamp the price on the soles of their product, and the practice of putting the price on the package is likewise followed by a large number of manufacturers of food products. This protects the public from unscrupulous merchants and assures them that they are not paying too high a price.

When a manufacturer starts production on a new commodity he naturally comes up against the question of whether his advertising should bear the price of the article or spend its effort in enumerating the uses and establishing a desire among the consumers. For a new product it is almost imperative that the price be stated, for otherwise there is no measure of value. It is all right to use teaser campaigns and arouse the buyers curiosity, but some day he must be let into the secret. It is the same way with quoting the price on a new product; when the price does not appear he becomes inquisitive and wants to learn what it is, but if the manufacturer persists in keeping the price a secret the buyer soon loses interest and his thirst for knowledge about that particular article dies. An old established product may omit the price once in awhile without causing much notice, but a statement of price is essential to a product which is just being established.

The retailer is not bothered by the problem of the maintained price so he is left free to follow his own will in the matter of quoting prices. The fact that there is not a more general employment of prices in retail advertising is due to several causes. One merchant assumes that the use of prices will make people believe he conducts a cheap store, another imagines that prices are applicable only in the event of a sale, a third would like to quote prices but says that he can not afford a full-page spread where he would have room to show his entire line, and a fourth claims that his advertising draws the people to the store where the

clerks can tell them the price after creating a desire to purchase, and so it goes.

The answer to the first merchant has already been made under the discussion of the quality appeal. No one has cause to be afraid that a statement of price will place his establishment in a cheap class unless he makes that statement in such a way that it draws attention to the fact that the store is catering to a cheap trade. If he does not want to be considered a low-priced store, he simply has to convince the public of that fact by quoting high prices. Nothing else will carry as much weight in an argument.

Of course prices are paramount when a sale is announced but they are important at other times as well. Truman A. De Weese says,¹ "... I should say that the secret of success in a publicity campaign for a general merchant in local mediums consists in a daily announcement of PRICES covering what the merchant calls his 'leaders' in each department of the business. The public is interested in PRICES. When you have created a WANT in the mind of the reader through your advertisement, the next question that interests him is the price at which that Want may be satisfied. In the field of general merchandising it may be stated as a fact that a certain number of articles that are carried in a general store are wanted in each family each day or week in the year. The merchant therefore has this established want or desire or necessity as a basis for his business. His publicity, therefore becomes largely a question of quality, newness, stolidness, and price; but the latter is after all the lodestone which draws the shopper into the marts of trade."

It is not necessary for a merchant to include all of his assortment

1 "The Principles of Practical Publicity" by Truman A. De Weese, p. 104

of goods in every advertisement; to spread the effort over several unrelated articles creates the effect of confusion and is detrimental to all. The best results may be obtained by selecting some definite article and putting all the power of the pen behind it. A full description of the article should be given, and this necessarily includes the price. Where a merchant is not willing to devote his entire space to the exploitation of one article, he may still give the main part of his space to advertising his store but place an illustration of some specific article in an unused corner and describe it as fully as possible - stating the price.

The use of a specific article is also applicable where price ranges occur. The statement, "Suits priced from \$35 to \$60" is inferior to a cut with the legend under it, "\$40. Other suits \$35 to \$60." It is easier for the mind to grasp one object than an entire group, and this is the principle which makes a definite price statement superior to a range. The same rule applies to such quotations as, "Umbrellas \$1.00 and up." This might better be given. "We have five hundred umbrellas priced at \$1.00. Other models may be had from \$1.50 to \$7.50." This last statement confines the prices within limits and makes a definite announcement of the number of umbrellas available at the low price.

The average customer's mental process passes through four stages something like this:¹

1. What is that article?
2. What is it for?
3. Is it good stuff?
4. What is the price?

The large department stores and mail-order houses recognize this

¹ "How to Advertise the Price" by C. F. Russell, *Printers' Ink*, December 23, 1920, p. 41.

fact and therefore take their advertise ments as complete as possible. The best time to tell a prospect is when he is interested, and that is when he is reading the advertisement. If the price is left out the sale is very seldom completed and often the prospect is lost. "To become interested in the description of an article, only to find in the end that the price, one of the most important pieces of information, has been omitted, is, to say the least, disappointing - and it is suspicious, too. The price of that must be 'lay up' will be the first thought of the reader, who is not likely to seek further information, while under that impression."¹

The question is often asked whether the price is more important on goods bought by men or women. The price is important on all articles, but if a choice must be made, it is probably more important to quote the price to men shoppers than women. Men seem to have a particular aversion to inquiring the price when they can ascertain it by some other means. A man usually shops in a hurry and therefore he wants all the information possible before he goes into the store; if one merchant gives him that information while another does not, the chances are that he will patronize the first one.

A woman, on the other hand, is more prone to shop around and compare goods and values. She is interested in the price - often more than the man, but she has no scruples about asking the price after she gets into the store. However, she generally goes to those stores which advertise prices which suit her. She does part of her shopping in the paper before she comes down town.

Mr. Arthur J. Wendland carried out an investigation among both men and women shoppers with the purpose of enlightening the merchants regarding this problem.² The question asked was:

¹ Albert T. Edgar, "How to Advertise a Retail Store," p. 52.

² Arthur J. Wendland, "Effective Store Advertising," pp. 23 and 37.

"Do you ever buy or inquire about an advertised article when the price is not given in the advertisement?"

One thousand women responded: 853 replied "No;" 147 answered "Yes." Mr. Dealand contends that the proportion replying "No" would have been even greater if he had made it clear that he referred solely to articles advertised by the stores and that he did not include magazine advertisements. His comment is:

"There is, I discovered, a prevailing sentiment among women that when prices are not published the advertiser does not intend to 'play fair'; that, if possible, he will take advantage of the buyer. This explains why 853 out of a thousand will not even inquire about an advertised article, and less buy it, when the price is not quoted."

Of the men he says:

"All but a very few, and many with considerable emphasis replied:-

"No!

"Never!

"Not on your life!

"The remarks of others would not, I fear, sound very complimentary to those advertisers who continue trying to reach the public, especially the masculine portion of it, without quoting prices. Those who did reply 'Yes', and they were very, very few indeed, added: 'If the article appeals to me and is really needed.'

"Taking into consideration the answers received to this question from both women and men, I am convinced that the advertiser who does not quote prices is absolutely wasting his effort, time and money. I repeat:-

"QUOTE PRICES. It breeds confidence and confidence is the greatest asset a firm can have."

Many dealers do not like to put prices in their windows because they feel that it detracts from the display. The profuse use of price cards of every description does create a disorderly appearance and is anything but artistic. The window display is an important part of a retailer's advertising sphere and should be considered as carefully as any other phase of the general selling plan. A great many shoppers are attracted to the store for the first time because of the windows. Mr. Mealand claims that almost universally the windows are the means for attracting the customers for the first time, and that an important part of the window display is the conspicuous use of price cards.¹

Price cards should correspond to the character of the display and the dimensions should be in the same proportion as the window. For instance, if the window is oblong the cards should be of the same shape and their length and breadth correspond to one another in the same proportion as the length and breadth of the window.² The cards are more artistic when placed at the foot of the article and not pinned on it. Small easels will prove effective for this purpose. As most people stop close to the window to look, the best position for the card is not too near the front but slightly back.³

The principal feature to strive for in window displays is attractiveness and all else should be subordinated to this end. That price cards can be made to fit into an artistic display has been proved by window dressers throughout the country. In stores who do not cater to the artistic tempered, the use of price cards is paramount above all else and they should be resorted to without stint.

Within the store the price tags take the place of the cards in the windows, with this difference; the price tags may be written in code so that

1 Arthur J. Mealand, "Effective Store-Advertising," p. 17.

2 "The World Retailer," April, 1922, p. 1.

3 Arthur J. Mealand, "Effective Store-Advertising," p. 31.

none but the employees of the store are able to decipher them. This practice is a relic of the old days when each article had more than one price and haggling was the rule. The one-price system is generally praised by the writers on the subject, but a few still believe that secret codes indicate more dignity in a store than plain price marks.¹ As a matter of fact the most dignified stores today are the ones using the plain price system as they realize that the use of a price interpreter not only takes time but appears suspicious.

One prominent advertising man expresses his views as follows:²

"The one pleasure, above all others, to shoppers, male or female, is to see plainly the price attached to the various articles of merchandise while they are spending a few minutes, from one cause or another, in your store.

"If I had the opportunity to make a suggestion as invited in the 'At Your Service' ad, my suggestion would be: Put price tags on your goods where shoppers can see them.

"I can make my arguments plainer by having you answer the following questions:

1. How many times each day are you called from some distant part of your store, or some particular work, or leave a customer, to answer: 'What is the price of this?'

2. How much of your time, and that of your clerks, is taken up each day waiting on 'sight-seeing' shoppers, who have no intention of buying, but only wish to price goods?

3. Did you ever stop to figure that by displaying price tags you might be able to economize on clerk hire?

4. Do you realize that if you were to install a price tag system it would be a drawing advertisement in itself?

¹ Oplycke, "Advertising and Selling Practice," p. 182.

² Watrous, "How a Retail Merchant Should Advertise," p. 41.

5. Do you appreciate that some people are reserved, others are timid, about asking the prices of goods in which they are not especially interested just to avoid persons having put on them to buy, and which they might have bought had the price been displayed and was within their means?

6. Do you know that window-displayed price tags are the cause of many sales? Often attracted by some article in a store window - but having no price tag - I have passed on rather than step in to find out; and I am no exception to the laws of human nature.

7. Did you ever ask yourself why it is not as important to display prices in your store as it is in your newspapers or advertisements? In your advertising you use them to attract notice. Why not follow the same plan where customers are actually at hand?

8. Do you know that a price will sometimes attract attention when without it an article would have passed unnoticed; in other words, that some people are so mentally constituted that figures arrest their thought quicker than a piece of merchandise, and that the price, rather than the quality of the goods, is the incentive that prompts them to buy?

9. Have you ever tried the experiment of watching shoppers pass down an aisle along which goods are priced and then down another aisle where prices are not shown? Try it, and note the results."

The question arises in the mind of the advertiser: If prices are good is it well to use them at all times? Prices may be used to advantage at all times, for a just price never injured the merchant, but there are times

when prices become more valuable than at others. These times are prosperous and the buying fever is upon the public prices are not an important consideration and therefore the force of the advertisement may be concentrated upon some particular phase of the article without stating the price. During such a period, the prestige of the store carries a great deal of weight. But when business conditions change and prices begin to take the downward trend, it becomes almost necessary for the advertiser to show his price. This is particularly true for the retailer as it is he who receives the brunt of the consumer's displeasure when prices are rising, and the best method of regaining this lost good will is to quote a lowered price.

II COMPARATIVE PRICES.

The question of the advisability of quoting comparative prices - that is to say "was \$5.00, now \$3.75," or \$5.00 value for \$3.75 - is one of rather recent origin. The rise of comparative prices in advertising is not new¹ in itself, but the discussion concerning the ethics of their use dates from 1916. Until that time it was considered necessary to state two prices in an advertisement in order to make people believe that prices were reduced, and that a bargain was being offered. At that time a few of the more progressive merchants began to realize that the use of comparative prices was being overdone and that it already had lost a large part of its pulling power.² This was probably no new condition, but it took the advertising profession some time to overthrow the teachings of the greatest of all early advertisers, P. T. Barnum, when he said that people liked to be fooled. Comparative prices had come to be so exaggerated that little faith could be put in them, and consequently they were defeating their own purpose.

- 1 In a letter to the writer Mr. Louis Blumenstock, Advertising Manager of Stix, Baer and Fuller of St. Louis, says, "Comparative prices have been in use about fifty years. The general store, later the department store, to stimulate business, cut the prices of staples. That was the beginning. Naturally, people responded, and gradually the public was educated to watch for the specials - to purchase things 'on sale.'"
- 2 In October, 1916, Stix, Baer and Fuller of St. Louis made the announcement that henceforth their advertising would quote no more comparative prices. Mr. Louis Blumenstock, their advertising manager, had brought about the change in their policy, and to him is credited the instigation of the movement which has spread throughout the United States, and is today one of the chief controversies in retail advertising. Several other large department stores followed the lead of Stix, Baer and Fuller, but it was not until the price decline following the late war that the question came into wide discussion. Notable among the firms which early adopted the policy of stating no comparative prices is Marshall Field and Company of Chicago. This store was probably the first one to discontinue the use of such prices, as Mr. C. E. Schaeffer, Advertising Manager, states that Marshall Field and Company adopted this policy about sixteen years ago, which would make the time 1900. The fact was never stressed particularly, however, so the recent movement, which has created so much comment, may be said to begin in 1916.

The fight against the use of comparative prices has been carried on consistently by Mr. Blumenstock who made it one of his chief aims during his term as President of the Associated Retail Advertisers. Mr. Blumenstock is unalterably opposed to the quoting of comparative prices in any form whatsoever. His position is well shown by a perusal of some of the advertisements of Stix, Baer and Fuller. In one of them¹ he says, "The question is frequently asked, 'Are comparative prices the only evil in retail advertising?' - and the answer is 'No.' But they are the basic influence for the greatest amount of evil. There are many other abuses that must be discouraged - and it will be done by an awakened public opinion - by a realization that economic wastes are a burden upon the purchasers. The large, flamboyant advertisements, filled with exaggerated statements, superlatives that are beyond belief, are destructive to advertising and insulting to the public intelligence...."

In another advertisement² he says, "What is a comparative price? This question, which is frequently asked, can be best answered by quoting an advertisement of that character - for example: '\$50 Suits for \$30,' '\$4.00 Silk Hose for \$1.98,' etc.

"Sometimes the claim is made that they are reduced; other times a claim is made of greater value; in all instances, they are comparative, being based on past history or present opinions. We found many years ago that comparatives could not be used without affecting the truth in our advertising.

"The fact that an article sold at a higher price on a different occasion does not establish its value. Sugar today is being sold at 7 cents a pound. Two years ago it sold for 35 cents. What is its value - 7 cents or 35 cents? Can we find any basis for value in this instance?

1 Appearing in the St. Louis Globe - Democrat of February 23, 1922.

2 Appearing in the St. Louis Globe - Democrat of February 21, 1922.

"Price is, or should be, the measure of the cost of production and distribution. And the statement that any article has a greater value than the selling price is merely the expression of an opinion - not a fact.

"Prices are always reduced for a reason - and the action affirms the fact that the values as intimated or expressed by the original prices no longer exist, that conditions have created the lower prices.

"When merchandise is sold (like every other commodity) on the basis of today's market price, no matter what that price may be, there will be a stabilization of advertising which will result in a greater degree of confidence and lower distributing costs. The elimination of comparative prices is the first step that is necessary to bring about this ideal condition - and it will not be brought about until the public thoroughly understands that it is bearing the burden of expense caused by inefficient advertising."

In Cleveland a new paper - or rather advertising medium - has been established by several of the large advertisers called the "Shopping News." The distribution is free every Saturday morning and its aim is to reach every house in the city. The paper consists entirely of advertisements except about one-third of the first page which contains an article usually setting forth the advantages of the "Shopping News" to the Cleveland buyers and telling something of the service it is trying to perform. It claims "Truthful Advertising" and "Guaranteed Values." The principal point from our view is that no comparative prices are allowed on its pages. This goes to show to what extent the campaign against their use has been carried.

The Better Business Bureaus are concerned more with the truthful use of comparative prices than with their elimination; they take the middle ground. They state their position as follows:¹ "Comparative prices in adver-

¹ Taken from the pamphlet "Truth in Advertising" published in 1921 by the National Vigilance Committee of the Associated Advertising Clubs of the World. 110 West 40th Street, New York City.

tising are one of the important subjects in the retail field, and many cases handled by Better Business Bureaus involve their use. The Truth-in-Advertising movement is opposed to the abuse of comparative prices rather than to their legitimate use. If a concern uses comparative prices truthfully, it suffers in having to meet the competition of the store down the street which uses them untruthfully." This attitude is shown by a perusal of the code of regulations of one of the bureaus¹ which is typical of the field.

ARTICLE II

"The object of this Bureau shall be to impartially promote and further fair competition in business, especially including the investigation and elimination of all exaggerated, misleading or fraudulent advertising; and its purpose is to promote truth in advertising.

ARTICLE V

"The Bureau in its investigation is to be guided as nearly as possible by the following rules governing advertising:

"(a) Comparative prices and value statements used in store advertising shall refer to the price of the merchandise of the day just previous to the sale. The fact that the merchandise advertised may have actually sold just previous to the sale at the comparative price quoted, is no excuse for such advertisement in the event that the comparative price or value does not reflect the market value of the merchandise at the time of the sale.

"(b) The words 'value' or 'worth' when used in an advertisement should mean the reasonable market price the article should bring at the time of the advertisement, this to be determined by what the same, or similar article is selling for in other stores at the time of the advertisement.

"(c) The phrase 'up to' when it is accompanied by a former maximum selling price should also be accompanied by the former minimum selling price of

¹ The Laverport (Iowa) Consumers Bureau.

the merchandise included in the sale. For instance: "When the merchandise offered includes goods formerly priced from \$10 to \$22.50, the advertisement should not read, 'Formerly priced up to \$22.50,' but should read, 'Formerly priced from \$10 to \$22.50.'

"(d) 'Originally' and 'Formerly' should mean the first price at which the goods were marked in the advertiser's store during the current season.

"(e) 'Regularly' should mean the price prevailing before the sale in the advertiser's store on the specific merchandise mentioned and the price that will prevail on the same merchandise after the sale."

Despite the growing sentiment against it, the use of comparative prices has been unusually large during the last two years - due, no doubt, to the declining market. However, the leaders in the war on such statements have not relinquished their stand and still refuse to quote former prices or supposed values. One such firm¹ states its position in the matter as follows:

"It has long been the policy of this store to refrain from the common practice of using comparative prices, as - 'Worth \$12, our price, \$6.75.'

"That this is an easy way to show a special value is obvious, but its untrustworthiness in common usage is well known. Standards of value are very elastic, and merchants not only seldom agree on prices, but are forbidden by Federal law to agree upon standard prices.

"Merchants have many opportunities to buy at the seller's loss, but we hold it our function to share such opportunities with the public, so the special price becomes our proper price.

"To mark an article higher than necessary for the sake of showing a sharp reduction later is plainly a dishonest practice - it can succeed only by deception - but there is no law to prevent it.

¹ Marshall Field and Company. Taken from a letter to the writer.

"When an article in open stock is reduced it implies a waning demand at the former price, so its market value has changed. If the supply is limited, or the reasons for the reduction bear no relation to the character of the merchandise itself, than a reduced price may justly entitle it to be called a 'special value.'

"In any case, however, we find it less confusing, and more straightforward, to quote only one price, which, all things considered, we establish as our standard price at the time."

The main argument for quoting comparative prices is that if a store has a bargain to offer the public, the public should be informed and given all the details. It is only fair to the public and to the store. Marshall Field's advertisements sufficiently answer this argument. They have held many cut-price sales since abandoning that form of drawing trade and their sales have not suffered in consequence. No former prices are ever quoted, but the customers are told the quality of the goods and the fact that there is a special offering of them at this time. The present price is simply stated without stressing it or putting it in glaring type. At times, but very seldom, the statement is made that this price is about half of that at which the article formerly sold. That is the nearest reference ever made to the former price. There are many ways of showing that a bargain is being offered without giving its former price or value. In fact, it has sometimes been claimed that one of the greatest advantages in doing away with comparative prices is the educational value it has upon the advertising manager, for henceforth he must make his advertisements really attractive and readable rather than merely displays of comparative prices.

Beyond question comparative prices are used advantageously in some forms of advertising. In stores where goods are sold upon price appeal alone, the listing of comparative prices probably attracts more trade than any other

kind of advertisement possibly could. Even when the statements are not believed the advertisement will draw customers, for, although the values are discounted, the readers will often go to see for themselves what the value really is. It is a well known fact, however, that customers appealed to by such advertising are the kind that will not stick to a store but are easily drawn away by the price inducements of other stores. It appears from a report of the Research Committee of the Dallas (Texas) Advertising League¹ that such advertising influences about fifty per cent of the consumers. A questionnaire sent out by the committee included the question: "Do prices compared with one another appeal to you...?" The answers received were for compared prices 210; against, 202. Those against the compared prices believed neither price to be authentic or reliable. Those for such statements qualified their preference about twenty per cent of the time by saying that the reliability of the firm counted with them.

This is a point which cannot be stressed too much - the reliability of the store is one of the greatest assets it has. Call it "Good Will," "Going Concern Value" or whatever you will, it amounts to the same thing and is built up by fair dealings with the public. No one stops to question a statement in a Wanamaker advertisement; it is accepted as true because the store has built up a wonderful reputation for reliability. On account of possessing this reputation Wanamaker is able to quote comparative prices, but such quotations are very scarce and extremely conservative. Conservatism is the main feature of Wanamaker's advertising and this element as much as anything else has helped build the enviable reputation of the store. Few stores have acquired this valuable prestige, but many aspire to it, even if on a small scale. Any store which aspires may help its case materially by dispensing with comparative price statements. The process is a long one at the best, but the quickest way to

¹ Quoted in *Judicious Advertising*, April, 1920, p. 62.

attain the goal is to go in a straight line - and this line is absolutely truthful advertising which merits the faith of the public. Experience has shown that the easiest means of building up such faith is the elimination of the comparative price which engenders misunderstanding.

The arguments against the quoting of such prices are:

1. They are not a true statement of facts even when prices are not exaggerated. The fact that an article once sold for the top price that does not establish its value at that figure. Only half the facts are told and sometimes that is worse than a plain misstatement. The price of an article is the result of various conditions in the market, and when these conditions change the price changes accordingly. The fact that merchandise once sold at a high price is no more reason to quote that price than to quote stock as of the same value it had at its peak. If a broker quoted stock as \$112 value for \$87, he would be laughed out of business, but the same thing happens every day in merchandising. As one advertiser puts it:¹ "When the \$1.00 silk stocking started on its price flight during the war, it had the grace and dignity to bear a \$3.00 ticket; but when the painful process of deflation was applied, and the price became \$1.95 was it quite right to advertise it as \$3.00 hose for \$1.95? We recently witnessed the price of the former \$2.00 Manhattan Shirt marked down from \$5.00 to \$3.50. How should this fact be presented to the public? Are they \$5.00 shirts? It is our impression that they are now \$3.50 shirts."

2. They are not believed by the public and thus influence the attitude toward all other advertising put out by the store. A large number of people do not believe comparative price statements and this argument is based on that fact. The investigation of the Dallas Advertising League seems to show that about forty per cent of the buyers do believe the quotations, so this is not an argument which will hold in all cases. However, a store cannot afford

¹ Taken from an advertisement of Stik, Baer and Fuller, which appeared in the St. Louis Post-Dispatch, November 24, 1920.

to ignore the sixty per cent who do not believe the comparisons to be true in all cases. If the opinion is obtained that a store has been untruthful in part of its advertising, the entire advertising of the store, and, more important, its "Good Will," will be affected.

3. They put a good store into a poor class. Such quotations have been overdone, especially by the stores selling damaged or inferior goods and catering to a cheap class of trade. As comparative prices are used in the advertisements of a great many stores, the general appearance is similar to the advertisements of the class of stores mentioned above. This condition may be remedied with care, however. The continuous use of such statements does class a store as a rather sensational advertiser and so places a stigma upon its prestige with the more conservative readers.

4. They are too often exaggerated and thus lead to unwarranted statements. This is, no doubt, the principal reason why this form of advertising is not more generally believed. Unscrupulous merchants have made great use of comparative prices in order to attract trade, and there is no gainsaying the fact that some of the reductions have been unbelievable. Even among merchants who intend to be strictly honest it is a hard matter to check up on all the statements made in a large advertisement comprising articles of every description. Of course it is possible to do so, but several of the stores which have discontinued comparisons state that the difficulty of keeping them absolutely true was the chief reason for discarding them altogether. Some of the higher class establishments which strive earnestly for truth have printed announcements of error in some of their former quotations and state that they are ready to refund the purchase price to any buyer who was misled by the erroneous comparison.

This shows what a difficult matter it is for even the most careful, and those who are not so punctilious have many opportunities to err. The way

these quotations have been handled in the past has placed them in disrepute and discredited their use at the present.

5. It is often hard to tell true values and this fact leads to mis-statements also. When merchandise is bought at special prices for a sale or when a new class of merchandise is brought in, it is often very hard to place a definite value upon it. Usually it is valued according to some similar article which is already in the store, but that is not always an exact basis upon which to quote a price as differences in weave or style may make an entirely different appeal to the public. It is almost impossible to place a true value upon a large quantity of such goods and consequently misrepresentations are common. Naturally, disappointment results and the advertising of the store is hurt.

6. To keep up public interest in such bargains the values have to be increased each time, and this leads to poor merchandising. The staple, standard products, which form the basis of a store's prosperity, are neglected and job lots of all sorts of irregular merchandise are secured for sales purposes. Large discounts can be quoted on this class of goods and the reduction looks very large while in reality there is no reduction at all. No store can long subsist on this kind of merchandising alone; consequently, the result of the unrestricted use of comparative prices is detrimental to the best merchandising principles.

7. They defeat their own purpose in a period of falling prices for they influence purchasers to hold off longer until prices drop more. This argument is given in an article appearing in "Printers' Ink" entitled, "Price Advertising in a Falling Market."¹ The substance of the article is as follows: There is a danger in using price comparisons if carried too far or emphasized too much, for it is liable to make the consumer think that he has been the

¹ Printers' Ink, September 13, 1917, p. 121.

victim of profiteering and also make him believe that prices are going to fall still farther. Thus the very aim of advertising, which is to start the consumer buying again freely, is liable to be defeated. It is a better policy to show only the true value of the goods.

8. They tend to make the advertising copy drab and uninteresting. It is claimed that the advertising manager falls into the habit of describing the goods merely by quoting their former price rather than giving details about them that make the copy interesting and hold the attention. It is an easy matter to describe an article by giving its former price. Advertising managers who have given up the practice say that they did not realize how much they relied upon comparative prices to furnish their descriptions until after they stopped their use. Then it was necessary really to put some thought into the copy and make it draw the attention of the casual reader.

The effect of discontinuing such advertising is told by Mr. Sidney R. Baer, of Stix, Baer and Fuller. He says:¹ "This policy has now been in force for almost a year, and our business has increased in greater percentage than in any previous year of our history. It is true that conditions are abnormally good, and this undoubtedly has something to do with it; but even so, had there been any ill effects, it would have been noticeable in some instances. Our big sales have been bigger than ever.

"The elimination of comparative prices is of great benefit to a department store or specialty house, not only because it undoubtedly increases the confidence of the public in a store (as was evidenced in our case by hundreds of letters received from customers congratulating us on our progressive move), but unconsciously decreases the number of 'sales' and 'supposed to be sales' held - a form of business getting which has been greatly overdone during the past decade."

¹ Printers' Ink, September 13, 1917, p. 121.

The use of comparative prices in national advertising takes a slightly different aspect. There the problem is not one of temporary reduction to get rid of surplus stock, but is one of a reduction of a single article, which is thoroughly known to the public, to meet changing economic conditions. In national advertising the price is more closely associated with the intrinsic value of the article and the relation of price to value is more easily determined. Reductions in prices are necessarily fewer in number and therefore constitute real news for the consumers. Generally the new price is the thing stressed and not the reduction. There can be no exaggerated statements, for the former prices are definitely known and there is no question felt concerning their veracity. The free use of comparative prices may have the effect of causing some prospective customers to hold off a while for a further drop, but on the other hand, a large number of buyers are drawn in immediately because of the novelty of the price. One effect which is hard to eradicate is the belief that the product is being cheapened in quality. This is a problem for the body of the advertisement to settle, however.

The problem takes on another aspect also in the handling of price tags and window display cards. This is largely a matter of store preference. If comparative prices are used in the newspapers the same general scheme should be carried out throughout the store, but if they have been eliminated it then becomes a matter of store policy how far they should go. Window displays may be taken as a supplement to the regular advertising and the best policy seems to be to follow the same custom. If comparisons are eliminated in the newspapers and still continued in the window displays it is likely to create unfavorable comment as it seems to be inconsistent, to say the least. On the other hand, the price tags on the goods themselves are not supposed to be for general display outside the store and the original tags may be left on the goods and marked

down. Marshall Field's follows this practice. There is one disadvantage to it, however. The customers are liable to look over the goods to find the one with the highest price and then buy that. This will cause a great deal of "shop wear" and may result in some disappointed purchasers. Usually those goods with the lowest price tags are left to the last. Strict consistency would seem to demand that the former price tag be eliminated also, but as a matter of fact it is so closely connected with the goods themselves that this inconsistency does not appear obvious. However, nothing is lost by the elimination of the former price on the tags.

III ODD PRICES

In advertising the copper cent comes into its own and assumes an importance which it can never hope to attain over the retail counter. Buyers who would consider it beneath their dignity to "quibble over a few pennies" with the retail clerk will minutely compare the prices advertised in the local paper, and woe be to the store which is selling sugar one cent a pound higher than its competitor. The tendency to compare the prices of various stores also leads to the comparison of the stated price with some other price in the buyer's mind. This fact is the cause of the pulling power of odd prices, for whether any reduction is claimed or not 89 cents almost invariably suggests a mark-down from \$1.00, while \$1.98 suggests \$2.00, \$2.50 or \$3.00, depending upon the imagination of the reader. The statement of an odd price generally implies a reduction and the mind tries to grasp the previous figure.

During the recent war, when prices were advancing rapidly, the odd price was nothing but a mark-up and did not pretend to be anything else; 12 and 13 cents signified a former price of 10 cents. Even under such conditions, however, the odd price was considered preferable to an even price which was thought to be higher - in this case 10 cents was often considered as a mark-up from a nickel. Under normal conditions the hint of a mark-up casts an odium upon certain figures which makes them unsuitable for use; thus 27 cents seems to be a mark-up from a quarter and probably more goods could be sold if the price were placed at 29 or 30 cents.

To be odd, a price does not necessarily have to be quoted in odd cents; \$12.15 is an odd price as is \$1895 also. The mind breaks up monetary values into convenient units which are easily remembered and calls prices dealing in such units even or regular, while all others are odd. The units will vary greatly with the amount of the price and no set rule can be easily formulated as

the practice of calling prices even or odd varies somewhat among the different trades.

Formerly odd prices were used almost exclusively by mail-order houses, department stores, and chain stores, but at the present time they are used in practically every field of retail selling. They have come to be the symbol of the bargain sale or the cut-price dealer. It is sometimes humorously said that a certain class of our retail merchants cannot express the selves in round numbers but must say "three ninety-eight" instead of "fore" on the golf course. Their use has been frequently ridiculed and freely criticized but nevertheless they continue to draw trade as much as, or more than ever. Mail-order catalogues abound with such figures, in fact it is hard to find an even price within their covers. They have even invaded the field of the more expensive articles and now automobiles are almost invariably listed at an odd figure. Whereas in the early days of the motor car the prices ran \$1,000, \$1,250, \$1,500, \$2,000 and so on, at the present time they read \$285, \$1065, \$1345, \$3165, etc. One of the most recent converts is a large hotel in Chicago,¹ which advertises rooms at \$1.95 and \$2.45 a day.

The almost universal use of odd prices by the automobile manufacturers is rather hard to explain; the figures are hard to remember and generally give very little basis for a comparison with some higher price. Possibly the idea is to create a distinctive price as very few automobiles bear the same quotations. An odd figure also seems to indicate that the price has been placed as low as possible and is only slightly above cost of production. Where this is the case it is advantageous to both the producer and the consumer for the former makes a just profit, while the latter obtains the article at a fair price.

¹ The Fort Dearborn Hotel.

The psychology of the odd price is peculiar, not infrequently the same article will sell more readily at a higher odd price than at the standard even amount. For example, a product which moves slowly at 75 cents may be marked as 79 cents and sell rapidly; regular dollar articles that remain on the shelves may sell out in a day when listed as \$1.19. The use of odd prices does not always guarantee sales, however, and if quoted in profusion they may do more detriment than good. They are usually considered an indication of cheapness and consequently are not in harmony with a quality appeal. Moreover, a certain class of shoppers has an aversion to uneven prices, so the best results are obtained when they are used sparingly.

The question of the optimum price is an important one and well worth a scientific study, but very little has been done in that field. The large department stores and mail-order houses ordinarily follow the custom of allowing their buyers full authority in pricing the goods for sale. No standard policy is used; sometimes a definite per cent of mark-up is used, while in other cases the figure is arrived at arbitrarily. One of the few experiments made to determine the preference for certain prices was given to "Printers' Ink" by a correspondent signing himself "F. B. W."¹ He writes:

"... During an experience of years in running the catalogue end of a business,..., my associates and I made numerous experiments in the realm of price psychology. Being fearful at first of quoting prices on certain classes of articles, usually priced in twenty-five-cent units, in odd cents, such as 48 cents, 98 cents, \$1.49, etc., we tried breaking prices in five-cent units, quoting 35 cents, 90 cents, 45 cents, 55 cents, \$1.35, \$3.85, etc. We found, among other things, that 35 cents, 40 cents and 55 cents were excellent odd prices; 45 cents, 60 cents, 65 cents and 95 cents, were not so good, though usable, but that 55 cents, 70 cents, 80 cents and 90 cents seemed to scare the public in

¹ "The Advertised Price and the Public." Printers' Ink, June 20, 1918, p. 33.

many cases. They seemed not to have any standard of value to measure against these prices; they were bewildering.

"Our discovery of the success of the 85 cent price solved a problem that had been bothering us for some time in connection with one of the higher grade departments of the catalogue. This problem was what to do about articles that cost just too much to sell for 75 cents at sufficient profit, when mailing and packing costs were considered, and yet were not worth a dollar....

"Of course in certain departments of our catalogue, which I repeat was a very high-grade one going to a select mailing list, five-cent price units had always been used, for they conformed to the trade practice in those lines. But in these departments we again broke with the traditions of the trade and began experimenting in odd cents - 23 cents, 49 cents, 98 cents, 99 cents, \$1.19, etc.

"It may interest other mail-order advertisers to learn the conclusion we came to in connection with these prices: We decided after trying all sorts of odd prices, that anything less than a two-cent reduction seemed like a bait and not like a genuine penny-saving reduction. I cannot say that we learned this from sales curves, or anything so definite, but we certainly 'felt' it before we had operated long with odd prices, and we did away with 24 cents, 49 cents and 99 cents, and all prices of a dollar or more ending in those figures. But we found 23 cents, 48 cents and 98 cents very good and continued to use them regularly, but not too freely. Not only does an overdose of cut prices make people suspicious, but it loses to the catalogue the benefit of the contrast between 98 cents and \$1.00, and 48 cents and 50 cents which contrast is what makes the odd price effective. To overdo the odd price is, in effect, to kill the goose that lays the golden eggs.

"...While we found that in certain departments of our particular catalogue 55 cents, 70 cents, 80 cents and 90 cents seemed to be bad prices, these

units after \$1.00 or \$2.00 (and up), such as \$1.70, \$2.90, etc., were not necessarily objectionable. Their aspect seemed often to change in such cases and make them look very bargain-like. For instance, \$3.55 may look like a lower price in connection with some certain article than \$3.50. Round numbers seem to have a tendency to look big when the price gets up into several dollars.

"After all, making right prices, like writing good advertisements, is a matter of getting away from the goods and projecting oneself into the prospective purchaser's mind and looking at your own catalogue or counter through his or her eyes. You may know yourself that such and such an article is a genuine bargain at a given price - even that you are losing money on it - but your saying it is a bargain will have far less selling force than making the price look the part, not by always mechanically falling back on 49 cents or 99 cents, etc., but by making the price look reasonable or low in connection with the particular article featured.

"There is one thing I have observed, however, and it is this: that the man who goes about this pricing business with his tongue in his cheek, cleverly working with odd prices and thinking that he has discovered a scientific system for fooling the public, soon finds that the public is much wiser than he thought for...."

An experiment conducted in the psychology laboratory of the University of Illinois to determine the preference for certain numbers obtained results which corresponded well with those just given, although there were cases where the difference was marked. Numbers from 1 to 10 were used and paired in various sequences; they were then exposed to the observers in a Thiele tachistoscope for a period of 1/200 of a second. The observers were asked to write down their preferences, taking one number from each pair as it was shown. The numbers were shifted about and the experiment repeated several times. The observers showed

decided preference for the numbers 5, 15, 25 and 50. Others numbers which were good were: 1, 2, 4, 8, 11, 39, 41, 45, 49, 59, 77 and 79. 70 and 90 were fair. The numbers which were found poor were 3, 7, 9, 13, 16, 32, 67, 69, 71, 97, 30 and especially 60 and 80.

While this experiment was intended to show the preference for certain numbers rather than prices, the results are important in connection with the problem of pricing as well. Those numbers for which a preference was shown are the best ones to use as prices for they attract the attention readily and create a pleasing impression. The numbers for which there was a decided lack of preference should be avoided as much as possible in pricing goods. The two numbers, 60 and 80, are notoriously bad prices and are seldom used in that capacity. However, some articles are priced with these figures, and then the merchant wonders why the goods do not move faster. These numbers are not an infallible rule to follow, but they do show a choice for certain figures which cannot be entirely overlooked.

One of the important points which must be considered when uneven prices are used freely is the appearance which they make upon the page. Where a large number of such prices appear together it is a good policy to have quite a variety and range. Thus taking a page from a mail-order catalogue where women's suits are offered for sale there may be twelve different models. The prices on these should have a range of several dollars and not more than one or two should end in the same number of cents, say 45 or 55 cents.

Another point which has been found to influence sales is the arrangement of the articles on the page. Taking the same mail-order page for example and assuming that the prices run from \$3.45 to \$13.70 with the model which the firm wishes to push most priced at \$5.90, the best results will be obtained by placing the \$3.45 model close to the one at \$9.90. This model is called the

"beginning number" as it is the lowest priced on the page and it begins the price range. Of course the feature model at \$9.95 is given good position and generally a border placed about it; but the comparison with the beginning price is the thing which brings the results. Most people like to buy a little better than the cheapest article.

In dealing with odd prices the thing to be best avoided is the appearance of a mark-up; the nature of the figure may show a raise as well as a decline. Thus 26 cents seems to be 25 plus 1, while 27 cents appears to be made up of 25 and 2. It is best to drop a cent or two from an even number and thus keep up the appearance of a reduction. It is little things like these that influence the attitude of the public toward a store.

IV STATISTICAL DATA.

In order to determine the effect of business conditions upon the quoting of prices in advertisements, and also to ascertain if there had been any definite trend in their use, an historical study was made of the advertisements appearing in the Saturday Evening Post over a period of thirteen years. As the task would be monumental to count all the advertisements published during that time, the months of May and June were taken as being typical of the advertising for the entire year. These months were selected because they represent the conditions of the spring trade and yet are late enough to show the tendency of the entire year. The Saturday Evening Post was selected over all other publications because it best represents the national advertising conditions of the country. Practically all lines of goods are included in the advertising on its pages. It is a general magazine which appeals to both men and women of all classes and its circulation is both large and widely distributed. It has come to be the standard advertising medium of nationally sold products.

Of course this work with the Saturday Evening Posts embraced only national advertising, but such copy would reflect the business conditions of the nation better than local advertisements. To check up on any changes in the style or character of price statements a large number of local newspapers was used, but no effort was made to keep a record of the percentage of advertisements quoting prices in such publications. As would be expected, prices are much more prevalent in local advertising as it is closer to the consumer. In other respects the local copy follows closely the changes in the national.

In making the study of the advertising in the Saturday Evening Posts no distinction was made in the size of the advertisement, all were counted equally; but there were some exclusions made which should be noted. The advertise-

ments appearing on the back of the magazines were not counted, as they represent more the poster style of advertising than the magazine style. No advertisements for salesmen were considered for obvious reasons. The announcements of educational institutions were also eliminated as they do not serve quite the same purpose as do advertisements which sell goods; the product they strive to sell is intangible and cannot be classed with a manufactured article. Generally the advertisement merely advises the reader to write for a catalogue in order to obtain further information; it does not go farther and strive to complete the sale at that time. Then, such advertisements appear but once or twice a year, once in June and again in August or September, so it would not be quite fair to count them in with advertisements appearing steadily throughout the year. Advertisements of a similar nature, those selling a service rather than a product - such as those which sell legal service in securing patent rights - were left out also. The total of all these is not considerable when taken in connection with the amount remaining, but it is necessary to mention them here in order to get a clear understanding of the advertising which goes to make up the tables.

All the advertisements were divided into five classes according to the products advertised. These divisions were for copy which advertised, (1) automobiles, (2) wearing apparel, (3) household articles and food products, (4) automobile accessories, and (5) miscellaneous products not previously classified. The tabulation was made according to whether the advertisement included a price or not. If more than one article was listed in the same advertisement the entire group was considered as a whole and counted as only one advertisement.

For purposes of graphical representation it was found best to take the percentages of advertisements which did not quote prices. These percentages are given by years for the various classes of products chosen and for all advertisements together. No separate percentages are given for the miscellaneous products

because they are so varied in nature that comparisons would not indicate anything specific which is not shown by the percentages for all advertisements. They are included in figuring the percentages for all advertisements, however. The table follows:

Percentages of Advertisements Appearing in the Saturday Evening Post Which do not Include Price Statements.

Year	Automobiles	Wearing Apparel	Household Articles	Automobile Accessories	All Advertisements
1910	42	33	50	63	46
1911	33	27	45	79	47
1912	39	32	54	72	55
1913	17	16	47	76	47
1914	13	19	46	64	44
1915	18	17	50	48	43
1916	19	25	53	64	50
1917	15	43	54	53	52
1918	63	55	59	60	61
1919	56	60	64	84	71
1920	93	81	79	84	83
1921	69	75	68	74	71
1922	29	54	64	50	69

These percentages are shown by graphs on the accompanying charts.

Chart I shows the four classes of specific products compared, while Chart II compares the graph of all advertisements with Fabson's barometer of business conditions.

As will be seen by Chart II there is a remarkable resemblance between the business barometer and the number of advertisements which do not

quote prices. This similarity shows conclusively that the use of prices pretty regularly follows the business cycle; when conditions are poor and buying is slack prices begin to appear in profusion, but when conditions improve and the public comes into the market without being urged the large national advertisers keep the price in the background. This condition is mirrored in the local advertising as well. Thus we may draw the conclusion: In a buyers' market quote prices; in a sellers' market let them alone.

These charts substantiate the contention that the statement of prices does stimulate buying. Under conditions where the seller does not need to worry about his purchasers he does not go out after them; but such conditions are rare. Where competition is keen, the statement of prices is one of the quickest ways to draw trade.

Of course a sellers' market is one in which the price is continually rising and this is another reason why prices are left out. No one likes to be the bearer of bad news and the advertisers are no exception. They pass along the telling to the retailer who can not dodge the responsibility. When prices are tumbling the advertisers flaunt the fact, however.

The rise in the percentage of advertisements not quoting prices is especially noticeable in the graphs of automobiles and wearing apparel, those products in which the most rapid and far-reaching advances took place during the period of the war. Each line shows the trend unmistakably, but it is not accentuated to the degree that it is in the higher price articles. These two lines were the ones in which the greatest buying fever occurred also.

A study of the graph representing all classes of advertisements reveals a slight rise in the percentage not quoting prices for the year 1914, without a corresponding rise in the Edison chart. This year marked a distinct change in the character of the advertising copy, due to the introduction of a

greater amount of institutional advertising; consequently the cause is professional rather than economic. From that year on institutional copy has occupied a major role in national advertising.

Another feature of the copy which has become increasingly manifest is the clear-cut statement of prices. Whereas the prices were formerly hidden away in small type, some place within the confines of the "talk," at the present time they are placed separately and often given the most prominent positions.

Years

1910 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20 '21 '22

100

100

90

90

80

80

70

70

60

60

50

50

40

40

30

30

20

20

10

10

0

0

Automobile
Accessories

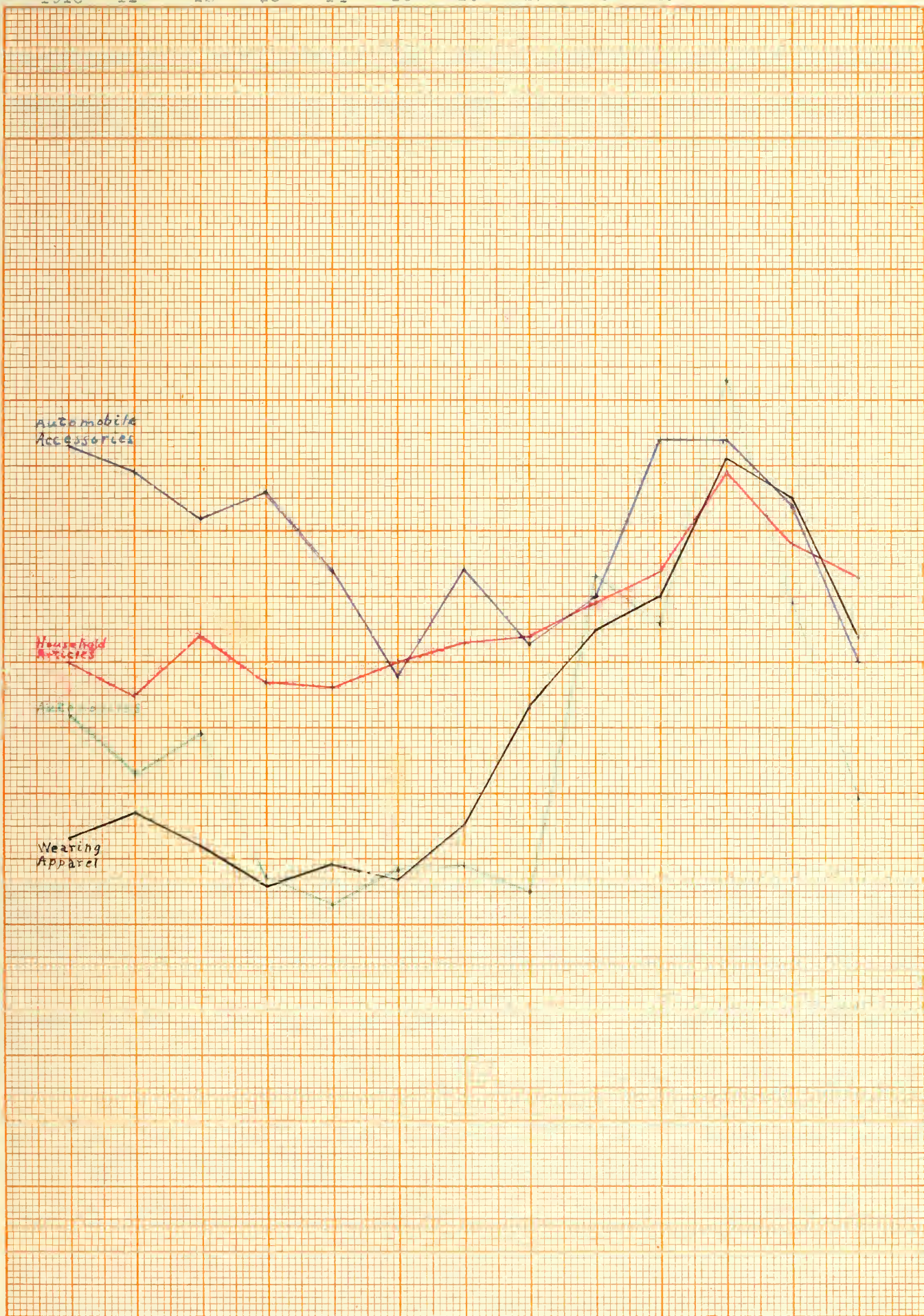
Household
Articles

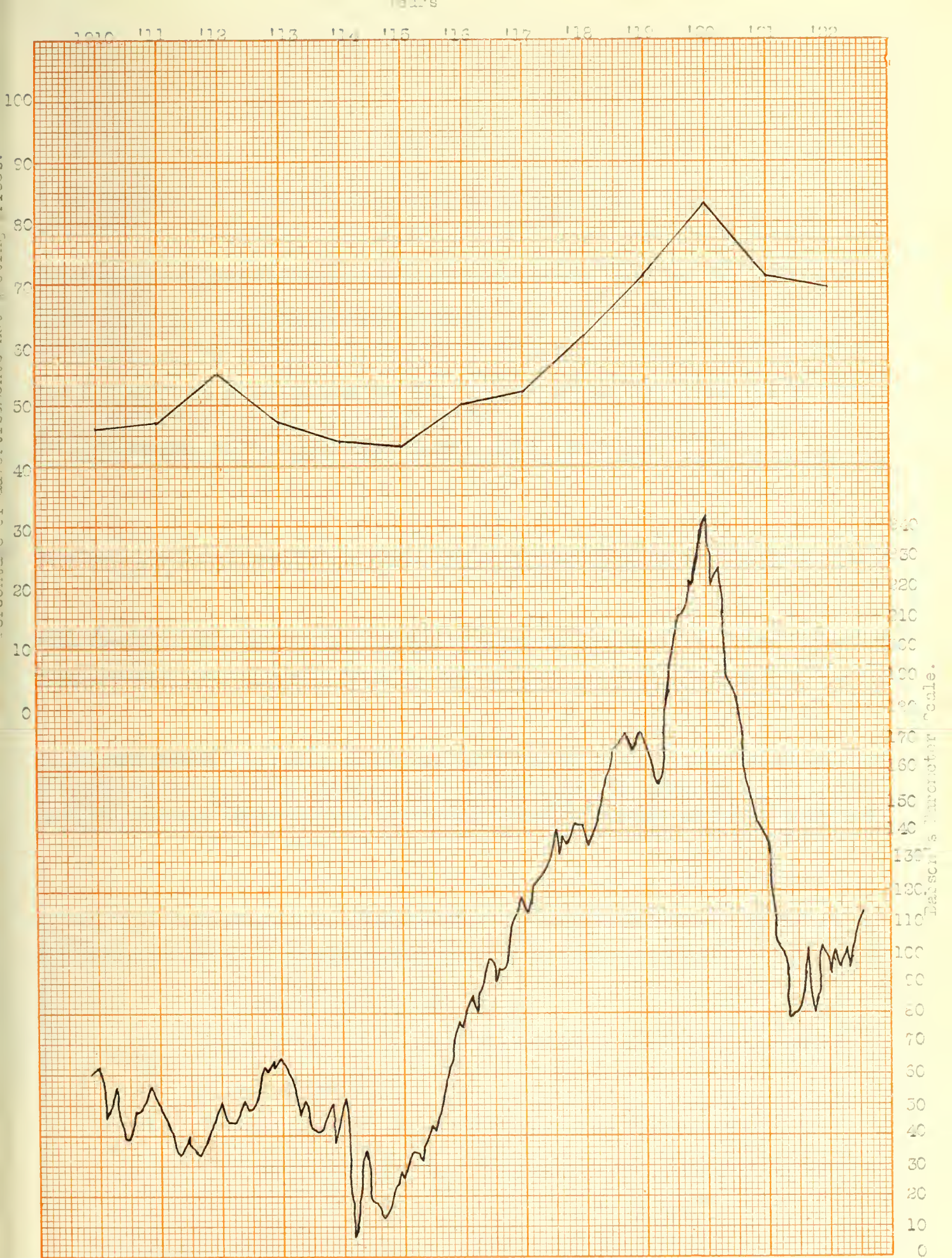
Automobiles

Wearing
Apparel

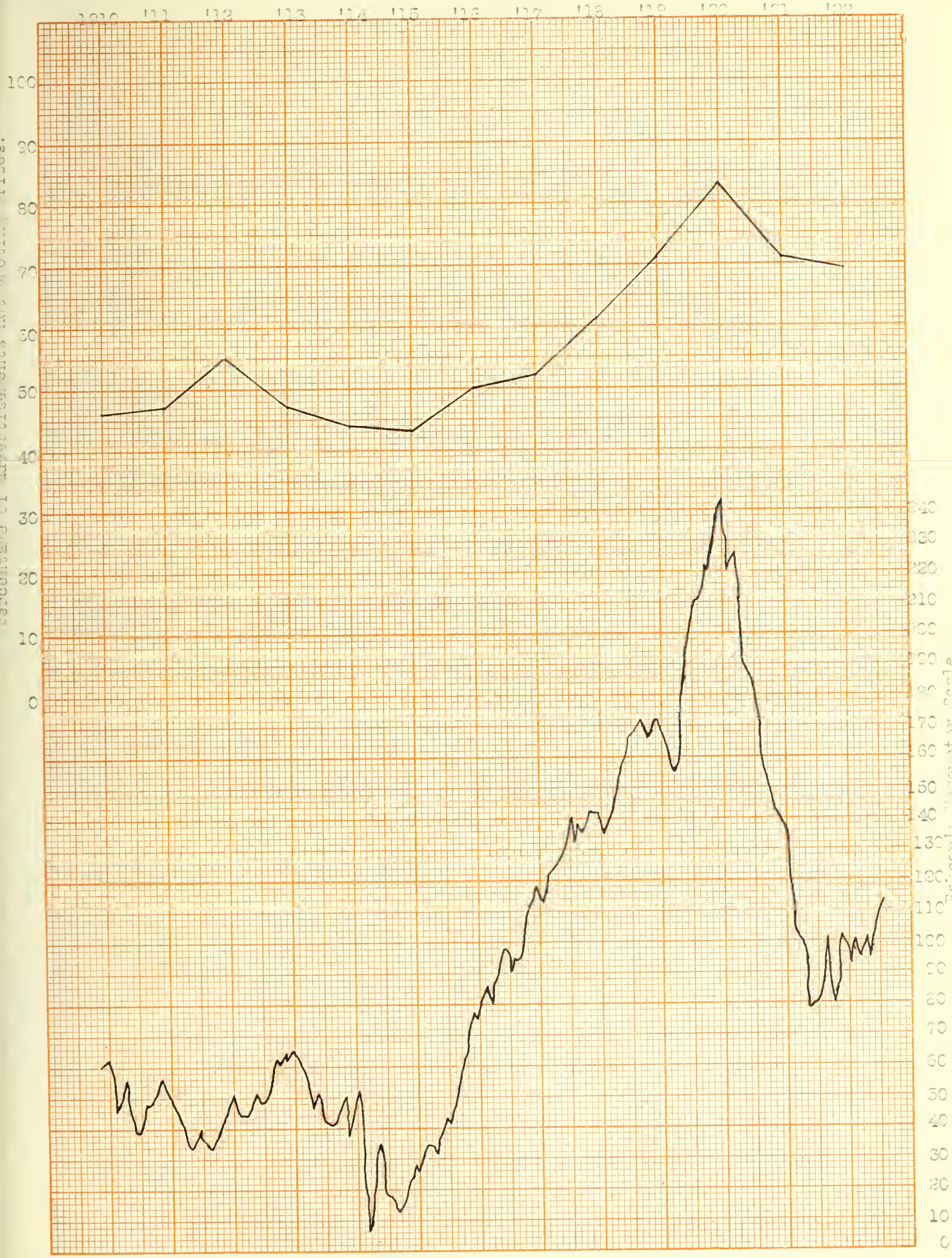
Percentage of advertisements not quoting prices.

CHART I





Percentage of advertisers not noting prices.



Barson's "Advertiser" scale.

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September 16, 1920, p. 41 - "How Much Will It Cost? Does Your
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November 4, 1920, p. 122.

November 13, 1920, p. 3 - "Is It Wise to Advertise Price as Well
as Profit?"

December 23, 1920, p. 41 - "How to Advertise the Price."

January 27, 1921, p. 41 - "Emphasize Price as Big Selling Argument."

January 27, 1921, p. 114 - "Would Advertised Priced Help Break
the Strike?"

February 10, 1921, p. 41 - "What Advertising Means to Me."

February 17, 1921, p. 170 - "Price Advertising or Increase."

April 28, 1921, p. 57 - "Your Prices to Me."

May 20, 1921, p. 141 - "Does a Quality Article Suffer Loss of
Dignity When Priced?"

Judicious Advertising:

June, 1920, p. 31 - "Questionnaire Investigation Tests Efficiency
of Advertising."

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